

BUDGET LETTER

		NUMBER:	03-09
SUBJECT:	INFORMATION TECHNOLOGY BUDGETING GUIDELINES	DATE ISSUED:	April 21, 2003
REFERENCES:	BUDGET LETTERS 03-04 AND 03-05; STATE ADMINISTRATIVE MANUAL SECTIONS 4800-5953, AND 6700-6780; STATE INFORMATION MANAGEMENT MANUAL	SUPERSEDES:	BL 01-13

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Note: Please forward a copy of this Budget Letter (BL) to your department's/agency's Chief Information Officer (CIO). Also, CIOs should note the subscription service available, described in this BL, for Information Technology (IT) budget-related information.

The Department of Finance (Finance) has responsibility for budgeting and control of IT expenditures under its general powers of supervision specified in Government Code Section 10370. As such, Finance approval is required for proposed IT expenditures. The State Administrative Manual (SAM) Section 4819 provides definitions and summarizes the compliance requirements for the administration of IT in State government. Additional detail regarding specific requirements, policies, or procedures is provided throughout SAM Sections 4800 through 5953, SAM Sections 6700 through 6780, and the State Information Management Manual (SIMM). Annual updates to these policies, specific reporting criteria, procedures, and forms will be addressed through Finance Budget Letters. This BL focuses on the Finance IT reporting requirements and policies. It is not intended to specify the IT reporting requirements for other State or governmental organizations, such as the Department of General Services (DGS). These policies apply to all departments except those identified in SAM Section 4819.3. Departments must adhere to all State policies, procedures, directives, and guidelines pertaining to IT. Each department should review the applicable SAM Sections and SIMM in conjunction with this BL to ensure complete understanding of the reporting requirements.

Purpose

This BL discusses the criteria for reporting proposed IT expenditures that require Finance approval and assigns each department a cost threshold for reporting proposed IT expenditures to Finance. This BL also summarizes the various IT activities that require reporting to Finance, the authority requiring the activity, and instructions and dates for transmitting the associated documents.

Departments are advised that IT proposals (Feasibility Study Reports [FSRs], Special Project Reports [SPRs]) reviewed by Finance must include additional evaluation criteria related to project objectives, oversight, and risk. The IT Project Oversight Framework, released in BL 03-04, documents the minimum requirements for project management and oversight for reportable IT projects. It also identifies criteria such as potential risk, staff and project manager skill sets, and department IT environmental factors, that will be used by Finance to establish the criticality rating for new IT projects. Departments are advised to include pertinent data in support of these factors in the FSRs and SPRs scheduled for submittal in the next Budget process.

Criteria For Reporting

In accordance with SAM Sections 4819.34 through 4819.42, SAM Section 4945, and SAM Section 6730, each department must receive Finance approval of reportable projects for expenditures prior to the release of a solicitation document or the commitment of resources to procure, develop, or implement a new and/or modify an existing IT investment. IT investment proposals are reportable to Finance if any of the following conditions exist:

1. A Finance budget action is required to fund all or part of the IT expenditure.
2. The new system development or acquisition is specifically required by legislative mandate or is subject to specific legislative review, as specified in Budget Act control language or other legislation.
3. The project involves the acquisition of any microcomputer commodities and the agency does not have an approved Workgroup Computing Policy.
4. The total development cost is above the cost threshold established by Finance.
5. When a significant change in State policy draws into question the assumptions underlying the project.
6. Any conditions occur that require reporting to Finance, as previously imposed by Finance.

Any proposed IT expenditure that meets one or more of the above criteria must be reported to Finance. Comprehensive information for IT project reporting, including instructions to assist departments in meeting Finance reporting requirements, can be found in SIMM located at <http://www.dof.ca.gov/HTML/IT/SIMM/SIMM.htm>. In addition, if the proposed expenditure meets the condition specified in criteria 1, the department must submit the appropriate budget request (i.e., Budget Change Proposal [BCP]) to Finance for consideration. See BL 03-05 for instructions on submitting BCPs. IT proposals (FSRs and SPRs) that have related budget actions for consideration and inclusion in the 2004-05 Governor's Budget must be received by Finance no later than July 11, 2003, as established in BL 03-05.

Cost Thresholds

Finance assigns each department a minimum total project development cost threshold for reporting purposes. Any IT proposal with an estimated total development cost, as defined in SAM Section 4819.2, equal to or less than the department's assigned cost threshold is delegated to the department for investment and expenditure approval, provided the proposal does not meet any other Finance established reporting criteria defined above. The total development cost is synonymous with one-time cost and is defined as all estimated or projected costs associated with the analysis, design, programming, verification and validation services, staff training, data conversion, acquisition, and implementation of an IT investment. Excluded from development costs are estimated costs of continued operations and maintenance.

Delegation does not eliminate the requirement for proposal documentation and approval, consistent with State reporting requirements. The department director and budget officer must approve the proposal in lieu of Finance approval. Department CIOs are expressly reminded to obtain all necessary approvals for both delegated and non-delegated projects. Further, the department is responsible for maintaining documentation supporting the departmental decisions relative to the proposal. Documentation in support of internally approved proposals should be commensurate with the nature, scope, complexity, risk, and expected cost of the proposal. Again, the documentation requirements are contained in SIMM.

Attachment I is a list of departments and their assigned cost threshold for reporting IT expenditures/proposals to Finance. This information, along with the Technology Investment Review Unit (TIRU) managers and Technology Oversight and Security Unit (TOSU) oversight managers assigned to each

department, can also be found at the Finance web site located at: http://www.dof.ca.gov/HTML/TIRU-TOSU/TIRU-TOSU_staff_assignments.htm.

IT Report and Activity Summary

Departments also have the responsibility for providing other IT project related information. Attachment II summarizes the various IT reporting activities, the policy reference requiring the action, submission instructions for documents specific to each activity, and the associated due dates. For additional information regarding specific reporting requirements, refer to the specific SAM Sections or Budget Letters reference applicable to each activity.

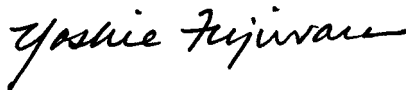
IT Budget Information Subscription Service

Finance's TIRU unit maintains a subscription service for individuals interested in receiving IT related information electronically. This IT Budget Information subscription service is implemented to ensure that all CIOs receive IT-related BLs and other budget information related to IT. It is the ongoing responsibility of each agency or department to keep its subscription information current by having CIOs and other designated staff subscribe and unsubscribe to reflect personnel changes.

To subscribe or unsubscribe, go to Web link: <http://www.dof.ca.gov/archives/dofitbudgetinfo.html>

For any technical assistance regarding the subscription service, please e-mail <mailto:webmaster@dof.ca.gov>.

If you have any questions regarding preparing and updating IT project proposals, please contact your TIRU manager at (916) 445-1777. For questions regarding IT project oversight, contact your TOSU oversight manager at 445-3137. For questions regarding IT security, contact the IT Security Officer at 445-5347. Comprehensive information regarding Statewide IT policy can be found at the Finance web site located at: http://www.dof.ca.gov/HTML/IT/Statewide_IT.htm.



Yoshie Fujiwara
Program Budget Manager

Attachments

**DEPARTMENT OF FINANCE
ASSIGNED COST THRESHOLDS
BY ORGANIZATION CODE NUMBER
(in whole dollars)**

Org Code	Department Name	Delegation Threshold
0500	Governor's Office	\$100,000
0510	State and Consumer Services Agency	\$100,000
0520	Business Transportation and Housing Agency	\$100,000
0530	Secretary for California Health and Human Services Agency	\$100,000
0540	Resources Agency	\$100,000
0550	Youth and Adult Correctional Agency	\$100,000
0552	Office of the Inspector General	\$100,000
0553	Office of Inspector General for Veterans Affairs	\$100,000
0555	California EPA	\$100,000
0558	Office of the Secretary for Education	\$100,000
0559	Secretary for Labor and Workforce Development Agency	\$100,000
0650	Planning and Research, Office of	\$100,000
0690	Emergency Services, Office of	\$100,000
0750	Lieutenant Governor, Office of the	\$100,000
0820	Justice, Department of	\$500,000
0840	Controller, State	\$500,000
0845	Insurance, Department of	\$250,000
0855	California Gambling Control Commission	\$100,000
0860	Equalization, State Board of	\$500,000
0890	Secretary of State	\$250,000
0950	Treasurer, State	\$250,000
0956	Debt and Investment Advisory Committee, California	\$100,000
0959	Debt Limit Allocation Committee, California	\$100,000
0968	Tax Credit Allocation Committee, California	\$100,000
1100	California Science Center	\$100,000
1110	Consumer Affairs, Department of	\$500,000
1700	Fair Employment and Housing, Department of	\$100,000
1705	Fair Employment and Housing Commission	\$100,000
1730	Franchise Tax Board	\$500,000
1760	General Services, Department of	\$500,000
1880	Personnel Board, State	\$250,000
1900	Public Employee's Retirement System	\$250,000
1920	Teachers' Retirement System, State	\$250,000
2100	Alcoholic Beverage Control, Department of	\$100,000
2120	Alcoholic Beverage Control Appeals Board	\$100,000
2150	Financial Institutions, Department of	\$100,000
2180	Corporations, Department of	\$100,000
2240	Housing and Community Development, Department of	\$250,000
2260	Housing Finance Agency, California	\$100,000
2310	Real Estate Appraisers, Office of	\$100,000
2320	Real Estate, Department of	\$100,000
2400	Managed Health Care, Department of	\$100,000

Org Code	Department Name	Delegation Threshold
2600	Transportation Commission, California	\$100,000
2660	Transportation, Department of	\$500,000
2700	Traffic Safety, Office of	\$100,000
2720	Highway Patrol, California Department of	\$250,000
2740	Motor Vehicles, Department of	\$500,000
2780	Stephen P. Teale Data Center	\$1,000,000
2920	Technology, Trade and Commerce Agency	\$100,000
3110	Special Resources Programs	\$100,000
3125	Tahoe Conservancy, California	\$100,000
3340	Conservation Corps, California	\$100,000
3360	Energy Resources Conservation & Development Commission	\$250,000
3460	Colorado River Board of California	\$100,000
3480	Conservation, Department of	\$250,000
3540	Forestry and Fire Protection, Department of	\$250,000
3560	Lands Commission, State	\$100,000
3600	Fish and Game, Department of	\$250,000
3640	Wildlife Conservation Board	\$100,000
3680	Boating and Waterways, Department of	\$100,000
3720	Coastal Commission, California	\$100,000
3760	Coastal Conservancy, State	\$100,000
3780	Native American Heritage Commission	\$100,000
3790	Parks and Recreation, Department of	\$250,000
3810	Santa Monica Mountains Conservancy	\$100,000
3820	San Francisco Bay Conservation and Development Commission	\$100,000
3825	San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	\$100,000
3830	San Joaquin River Conservancy	\$100,000
3835	Baldwin Hills Conservancy	\$100,000
3840	Delta Protection Commission	\$100,000
3850	Coachella Valley Mountains Conservancy	\$100,000
3860	Water Resources, Department of	\$500,000
3900	Air Resources Board	\$250,000
3910	Integrated Waste Management Board, California	\$250,000
3930	Pesticide Regulation, Department of	\$250,000
3940	Water Resources Control Board, State	\$250,000
3960	Toxic Substances Control, Department of	\$100,000
3980	Environmental Health Hazard Assessment, Office of	\$100,000
4100	Developmental Disabilities, State Council on	\$100,000
4110	Developmental Disabilities, Area Boards on	\$100,000
4120	Emergency Medical Services Authority	\$100,000
4130	Health and Human Services Agency Data Center	\$1,000,000
4140	Statewide Health Planning and Development, Office of	\$250,000
4170	Aging, California Department of	\$100,000
4180	Aging, Commission on	\$100,000
4200	Alcohol and Drug Programs, Department of	\$100,000
4220	Child Development Programs Advisory Committee	\$100,000

Org Code	Department Name	Delegation Threshold
4260	Health Services, Department of	\$500,000
4270	Medical Assistance Commission, California	\$100,000
4280	Managed Risk Medical Insurance Board	\$100,000
4300	Developmental Services, Department of	\$250,000
4440	Mental Health, Department of	\$250,000
4700	Community Services and Development, Department of	\$100,000
5160	Rehabilitation, Department of	\$250,000
5175	Child Support Services, Department of	\$250,000
5180	Social Services, Department of	\$500,000
5240	Corrections, California Department of	\$500,000
5430	Corrections, Board of	\$100,000
5440	Prison Terms, Board of	\$100,000
5450	Youthful Offender Parole Board	\$100,000
5460	Youth Authority, Department of the	\$250,000
5480	Commission on Correctional Peace Officers Standards & Training	\$100,000
6110	Education, Department of	\$250,000
6120	Library, California State	\$250,000
6255	Summer School for the Arts, California State	\$100,000
6330	California Occupational Information Coordinating Committee	\$100,000
6360	Teacher Credentialing, Commission on	\$100,000
6420	Postsecondary Education Commission, California	\$100,000
6870	Community Colleges, Board of Governors of the California	\$250,000
7100	Employment Development Department	\$500,000
7120	California Workforce Investment Board	\$100,000
7300	Agricultural Labor Relations Board	\$100,000
7350	Industrial Relations, Department of	\$250,000
7980	Student Aid Commission	\$250,000
8100	Criminal Justice Planning, Office of	\$100,000
8120	Peace Officer Standards & Training, Commission on	\$100,000
8140	Public Defender, State	\$100,000
8260	Arts Council, California	\$100,000
8320	Public Employment Relations Board	\$100,000
8380	Personnel Administration, Department of	\$100,000
8500	Chiropractic Examiners, Board of	\$100,000
8530	Pilot Commissioners, Board of	\$100,000
8550	Horse Racing Board, California	\$100,000
8570	Food and Agriculture, Department of	\$250,000
8620	Fair Political Practices Commission	\$100,000
8660	Public Utilities Commission	\$250,000
8690	Seismic Safety Commission	\$100,000
8700	California Victim Compensation and Government Claims Board	\$100,000
8770	Electricity Oversight Board	\$100,000
8780	California State Government Organization and Economy, Commission on	\$100,000
8820	Status of Women, California Commission on the	\$100,000
8830	Law Revision Commission, California	\$100,000

Org Code	Department Name	Delegation Threshold
8855	Audits, Bureau of State	\$100,000
8860	Finance, Department of	\$250,000
8885	State Mandates, Commission on	\$100,000
8910	Administrative Law, Office of	\$100,000
8940	Military Department	\$100,000
8950	Veterans' Affairs, Department of	\$250,000

DEPARTMENT OF FINANCE
SUMMARY OF REQUIRED INFORMATION TECHNOLOGY REPORTS AND ACTIVITIES

Report/Activity	Source	Instructions to Departments	Send to	Due Dates
<i>Project Related Documents</i>				
Feasibility Study Reports (FSR), Special Project Reports, FSR-Reporting Exemption Requests	SAM Sections 4819 and 4920-4945 BL 03-05 MM 03-05	Send 3 hard copies to Finance (FSRs, SPRs, and FSR-RERs), 1 hard copy to the Legislative Analyst's Office (LAO) (FSRs and SPRs only), and 1 hard copy to the Department of General Services/ Procurement Division (DGS/PD) (FSRs and SPRs only) when project exceeds DGS/PD delegated purchasing authority.	Finance/TIRU LAO DGS/PD	Annually in July (July 11 for 2003-04) if related to budget action for fall cycle. January 15, 2004 if related to budget action for spring cycle and no deadlines if not tied to budget action—note date changes.
Information Technology Procurement Plan (ITPP)	MM 03-05	Send one hard copy to DGS/PD when project exceeds DGS/PD delegated purchasing authority.	DGS/PD	Concurrent with FSR, and SPR when project scope changes, or there is an increase in contract value, or there is a change in the procurement methodology.
Independent Project Oversight Report	SAM Section 4819.36 BL 03-04, IT Project Oversight Framework	Send one hard copy to Finance.	Finance/TOSU (Oversight Unit)	Ongoing, submit in accordance with the IT Project Oversight Framework requirements.
Post Implementation Evaluation Reports	SAM Section 4947	Send one hard copy to Finance and 1 hard copy to the LAO.	Finance/TOSU (Oversight Unit) LAO	Within 18 months of project completion.
<i>Security Related Documents</i>				
IT Risk Management Certification/Information Security Officer Designation Letter	SAM Section 4845	Send one hard copy cert/letter to Finance—these two are combined on same form.	Finance/TOSU (Security Unit)	Annually, January.
Operational Recovery Plan (ORP)	SAM Sections 4843-4845 BL 02-29	Send one hard copy letter to Finance certifying that ORP is complete.	Finance/TOSU (Security Unit)	Annually, staggered dates (see BL 02-29).
Security Incident Notification and Security Incident Reporting (SIR)	SAM Section 4845 BL 03-03	Call (916) 657-8287 (CHP) for notification of computer security incidents and computer crime. CHP will notify Finance. For reportable incidents, departments must file a written SIR, one hard copy, to Finance.	Finance/TOSU (Security Unit)	Provide telephone notification immediately upon the discovery of the incident. Submit written report to Finance (TOSU Security Unit) within ten working days of the incident.

Report/Activity	Source	Instructions to Departments	Send to	Due Dates
Organizational/Planning Documents				
Agency Information Management Strategy (AIMS) and certification	SAM Sections 4900.3, 4900.5, and 4900.7	Send two hard copies of the following to Finance/TIRU: <ul style="list-style-type: none"> • The most current approved AIMS; • The most current AIMS annual certification transmittal letter from your Director (or designee); and • The most current approval letter from the control agency last approving the AIMS. 	Finance/TIRU	Annually, August
Information Management Organization	SAM Section 4903.1	Send two hard copies of organization charts to Finance.	Finance/TIRU	Annually, note change to June 30.
Information Management Costs (tracks prior year, current year, and budget year costs—combination of actuals and estimates)	SAM Section 4903.2	Departments should collect internally, with formal reporting suspended for 2004.	N/A	Suspended for 2004, due annually every January thereafter starting in 2005.
IT Baseline Survey Updates		Departments are no longer required to collect this information.	N/A	Discontinued
Software Management Plan	SAM Section 4846.2	Send annual certification to DGS/PD along with summary of updated inventories.	DGS/PD	Annually, January.

Report/Activity	Source	Instructions to Departments	Send to	Due Dates
Organizational/Planning Documents				
Workgroup Computing Policy (WCP) Certification	SAM Sections 4903.4 and 4989.4	<p>If Department has an approved WCP, send two hard copies of the following to Finance/TIRU:</p> <ul style="list-style-type: none"> • The most current approved WCP; • The most current WCP annual certification transmittal letter from your Director (or designee); and • The most current approval letter from the control agency last approving the WCP. 	Finance/TIRU	Annually, January.

Send Finance reports, plans, and certifications to: 915 L Street, Sacramento, CA 95814

TIRU: Jerry Cottrell, Assistant Chief, TIRU/TOSU

TOSU (Oversight): Karen McMahon, Assistant Chief, TIRU/TOSU

TOSU (Security): Debra Reiger, State Information Security Officer, Assistant Chief, TIRU/TOSU

Send DGS reports to:

DGS/PD: Diana La Bonte, Acting Manager, Technology Acquisitions, 707 3RD Street
West Sacramento, CA 95605-2811